

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-11 IO-13

ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00

FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01

TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 /167 W

-----040013 080636Z /21

R 080515Z MAY 78

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 203

INFO AMEMBASSY BANGKOK

AMEMBASSY COLOMBO

USMISSION GENEVA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: ANRPC, ETRD, CE, SN

SUBJ: DISCUSSIONS WITH GOS TRADE REPRESENTATIVES REGARDING

ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES

(ANRPC) DRAFT PRICE STABILIZATION AGREEMENT

REF: A. COLOMBO 1663, B. COLOMBO 1661

1. ON MAY 2 EMBOFF DISCUSSED CURRENT STATUS OF THE
NATURAL RUBBER PRODUCERS DRAFT PRICE STABILIZATION
AGREEMENT (PSA) WITH GOD DEPT. OF TRADE RUBBER OFFICIAL
CHUA KIN POH. ACCORDING TO MR. CHUA, THE ASSOCIATION
OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC) HAS
COMPLETED A DRAFT PRICE STABILIZATION AGREEMENT WHICH
WAS FORWARDED TO GENEVA FOR TRANSMITTAL TO THE UNCTAD
SECRETARIAT AND THE CONSUMERS. A COPY OF THE AGREEMENT
IS ALSO BEING PASSED FOR COMMENT TO THE NATURAL RUBBER
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PRODUCING COUNTRIES WHICH ARE NOT MEMBERS OF THE
ASSOCIATION. MR. CHUA INDICATED THAT THE ANRPC SEGMENT
OF THE PRODUCING NATIONS IS NOW IN GENERAL AGREEMENT
WITH THE DRAFT STABILIZATION AGREEMENT, AND HE BELIEVES
THESE COUNTRIES WILL SUPPORT THE AGREEMENT AS A BLOCK.

2. DURING THE DISCUSSION, EMBOFF WAS UNABLE TO

OBTAIN SPECIFICS OF THE DRAFT STABILIZATION AGREEMENT, NOR DID MR. CHUA VOLUNTEER TO PROVIDE THE EMBASSY WITH A COPY OF THE DRAFT AGREEMENT. DURING THE DISCUSSION, HOWEVER, IT BECAME APPARENT THAT, AT LEAST FROM MR. CHUA'S POINT OF VIEW, THERE WERE STILL SOME AREAS OPEN FOR NEGOTIATION WITHIN THE ANRPC BLOCK. THE PRICE STABILIZATION BAND WAS LISTED IN THE DRAFT AGREEMENT AS A POINT STILL TO BE NEGOTIATED. MR. CHUA SAID THE MEMBERS OF THE ASSOCIATION WERE UNABLE TO AGREE UPON AN APPROPRIATE AVERAGE PRICE OR TOLERANCE BAND TO ACCOUNT FOR PRICE FLUCTUATIONS.

3. REGARDING PARA 6, REF A COMMENTS ON SINGAPORE AND ON THE MALAYSIAN'S DOMINANT ROLE, IT WAS OBVIOUS DURING DISCUSSIONS WITH MR. CHUA THAT THE SINGAPORE DELEGATION WAS LESS THAN ENTHUSIASTIC ABOUT THE DRAFT AGREEMENT. HE DID NOT INDICATE ANY DISCONTENT REGARDING THE DOMINANT ROLE OF THE MALAYSIAN DELEGATION, HOWEVER. FOLLOWING UP ON PARA 4, REF A, EMBOFF ASKED MR. CHUA ABOUT THE "SUPPLY RATIONALIZATION" SCHEME. MR. CHUA SMILED AND STATED THAT THIS PARTICULAR QUESTION WAS ONE OF THE MORE DIFFICULT ISSUES DISCUSSED DURING THE DRAFTING SESSION. MR. CHUA DID NOT PROVIDE ANY DETAILS REGARDING THE SCHEME BUT INDICATED THAT A SUPPLY LIMITED OFFICIAL USE

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RATIONALIZATION PROPOSAL WAS INCLUDED IN THE DRAFT. WHILE MR. CHUA DID NOT SPECIFICALLY SAY, EMBOFF RECEIVED THE DISTINCT IMPRESSION THAT THE MALAYSIANS WERE LESS THAN FULLY COOPERATIVE ON THIS ISSUE.

4. SINGAPORE'S MAJOR CONCERN REMAINS THE QUESTION OF BUFFER STOCK CONTRIBUTIONS. THEY FEAR THE CONSUMER NATIONS MAY EXPECT THEM TO CONTRIBUTE IN ACCORDANCE WITH SINGAPORE'S NATURAL RUBBER EXPORT LEVELS. CORRECTLY, THEY POINT OUT THAT SINGAPORE IS IN FACT A MIDDLEMAN IN THE RUBBER BUSINESS AND NOT A TRUE PRODUCER. THEREFORE, THEY REASON THAT SINGAPORE CANNOT BE EXPECTED TO CONTRIBUTE TO THE BUFFER STOCK BASED UPON A FORMULA WHICH IS KEYED TO ITS EXPORTS. THE EMBOFF ASKED MR. CHUA WHETHER SINGAPORE HAD SUCCESSFULLY CONVINCED THE OTHER PRODUCER COUNTRIES THAT SINGAPORE'S POSITION IS UNIQUE. HE SAID THE OTHER PRODUCER NATIONS ACCEPTED SINGAPORE'S POSITION.

5. MR. CHUA ASKED THE EMBASSY FOR ADDITIONAL INFORMATION ON THE CONSUMER GROUP'S PROGRESS TOWARD

DEVELOPING THEIR VERSION OF THE DRAFT PRICE STABILIZATION AGREEMENT. EMBOFF EXPLAINED THAT THE MAY 7-19 PRODUCER/CONSUMER CONSULTATIONS SHOULD PROVIDE THE ANSWERS TO MOST OF HIS QUESTIONS. HE WAS CONCERNED THAT THE CONSUMERS MAY NOT BE ABLE TO MAKE THE MID-JULY DEADLINE AND SEEMED TO BE RATHER PROUD OF THE PROGRESS THAT THE PRODUCERS HAVE MADE TOWARDS DEVELOPMENT OF A DRAFT AGREEMENT.

6. EMBASSY WOULD APPRECIATE PERIODIC UPDATES ON THE PROGRESS OF THE CONSUMER COUNTRIES TOWARD PRODUCING A DRAFT AGREEMENT, AND ADDITIONAL BACKGROUND AND COMMENTS ARE WELCOME.

HOLDRIDGE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, AGREEMENT DRAFT, TRADE VISITS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SINGAP02019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780194-0749
Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780582/aaaacsfs.tel
Line Count: 136
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 33d9b4a2-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 COLOMBO 1663, 78 COLOMBO 1661
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2761100
Secure: OPEN
Status: NATIVE
Subject: DISCUSSIONS WITH GOS TRADE REPRESENTATIVES REGARDING ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC) DRAFT PRICE STABILIZATION AGREEMENT
TAGS: ETRD, CE, SN, ANRPC
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/33d9b4a2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014